

NEWS ANALYSIS

The rights stuff

In the light of Bill Gates' apparent u-turn over digital rights, Barry Collins wonders whether we'll soon see an end to draconian copy protection schemes

You don't have to look hard to find a technology buff who dislikes digital rights management (DRM), the umbrella term for the restrictive copy protection measures used by the music and movie industries. But when those technology buffs include Bill Gates, chairman of the company that designed one of the world's most widely used DRM systems, it's time to wonder if DRM really has a future.

Gates voiced his opinion on DRM's deficiencies at a recent Microsoft briefing for a small group of bloggers. Current copy protection measures face "huge problems", Gates said, because they "cause too much pain for legitimate buyers".

"DRM is not where it should be. At the end of the day, incentive systems do make a difference, but we don't have it right with incentives or interoperability," Gates proclaimed. So what's his solution for people who want to download digital music legally on to their MP3 players? "People should just buy the CD and rip it. You are legal then."

ZUNE BUG

This is rich coming from a man whose company operates several music download stores. But then again, Microsoft has done more to undermine DRM than most. Take, for example, the recently launched Zune player. The iPod rival plays all manner of digital music and video file formats, including unprotected MP3 files. However, it won't accept protected Windows Media Audio (WMA) files. So Microsoft's flagship hardware won't play files bought legitimately from Microsoft's own music store. Instead, Zune owners have to buy their music from a dedicated Zune shop, leaving music fans who have expensively assembled libraries of WMA files on their PCs in the cold.

So what's Microsoft's defence for this barmy strategy? "Zune is designed to be a consistent, simple end-to-end music and digital media experience," it claimed. Simple? Consistent? You'd think a company that publishes its own



dictionary would have a better grasp of what those words mean.

Yet given the difficulty Microsoft has had in keeping its DRM software secure, you can understand why it's in such a tailspin. The software giant is fighting a running battle with crackers, who have succeeded in unpicking its copy protection on more than one occasion. Last summer a workaround called FairUse4WM lifted the restrictions on Windows Media files, allowing people to copy 'protected' content as many times as they liked to the device of their choice.

THE LIMIT FOR SKY

Microsoft's content partners immediately hit the panic button, not least Satellite broadcaster Sky, which pulled much of the content from its Skybybroadband service (now called Sky Anytime on PC). Sky's service allows subscribers to download movies and sports highlights to their PCs. Even though most Sky customers had probably never heard of FairUse4WM, let alone had the inclination to use it, Sky's service was all but suspended for weeks.

No doubt the threat of movie studios calling in the lawyers when one of Sky's films ended up on file-sharing sites influenced Sky's decision to shut up shop, but the end result was that thousands of

customers were denied access because of difficulties with DRM.

ONE BAD APPLE

When DRM starts to have a negative impact on legitimate, law-abiding customers, isn't it time to admit that the whole concept is flawed? Not so, say the DRM advocates. Just look at Apple's iTunes store for a prime example of how to implement copy protection successfully. We're constantly reminded how many millions of songs have been downloaded from iTunes, and the omnipotent iPod continues to outsell every other audio player by a long way. Examine those sales figures more closely, though, and the sheen starts to disappear.

A survey conducted by Jupiter Research last autumn found that only one in five iPod owners regularly buys digital music, and even they purchase a mere 20 tracks per year on average. This is a distinctly unimpressive two albums' worth. Despite the iPod's enduring popularity, a recent study by Forrester Research found that iTunes store sales were beginning to level off.

There's no doubt that locking customers' music collections into Apple's own AAC format makes it harder for customers to switch to another brand of player. If you were to replace your iPod with a

Creative Zen, for instance, you can't simply transfer any purchased songs to your new player. Yet the iPod's success has been due largely to peerless hardware design and clever marketing, not because it holds its owner's music collection to ransom with proprietary DRM.

So what's the alternative? Is it, as Bill Gates suggests, tweaking existing DRM solutions to make them far less onerous to music fans? Or could we do away with protection altogether? That noise you can hear is the sound of record label bosses choking as they wrestle with the concept of distributing music that anyone can copy and play on whichever device they choose. Well, I've got news for you, chaps – they're already doing just that with (as Mr Gates suggests) music ripped from their CD collection. What's the point of making people's lives harder just because they decide to buy a download rather than a CD?

SOUND BUSINESS

It seems that Amazon is coming round to this side of the argument. As we go to press, the online shopping giant is rumoured to be planning a DRM-free music store with variable pricing so that album-filler tracks aren't priced the same as the latest chart-toppers. Of course, Amazon would still have to convince the record labels to agree, but a company with its experience in internet retail carries enormous clout.

Would music revenues disappear overnight as unprotected music wings its way around every file-sharing site on the web? Sites such as the Russia-based AllofMP3.com have been selling unprotected MP3 files for years, and for a tidy profit, without sales of legitimate music collapsing. Meanwhile, Sony is still paying out £90 a time to US customers whose computers were damaged by the DRM rootkit protection it included on a selection of its retail CDs. It doesn't take a man of Bill Gates' intelligence to work out that DRM-free downloads are the future. **CS**